

EXHIBIT CC

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE DIVISION

JAY J. RALSTON,

On Behalf Of Himself And All Others Similarly Situated,

PLAINTIFF,

V.

MORTGAGE INVESTORS GROUP, INC.,

MORTGAGE INVESTORS GROUP, a general partnership,

COUNTRYWIDE HOME LOANS, INC.

and DOES 3-10,

DEFENDANTS

CASE NO.: CV 08-00536 JF PVT

EXPERT REPORT OF LEONARD H. LYONS REGARDING
PLAINTIFF'S MOTION FOR CLASS CERTIFICATION

I. QUALIFICATIONS

1. I have over 15 years of expert witness experience. I have been engaged as an expert in a variety of litigation matters, including breach of contract, stockholder and partner disputes, profit participation disputes, bankruptcy fraud matters, white-collar crime matters and intellectual property disputes. In those matters, I have been qualified and testified as an expert witness, opining on a variety of topics, including damages, projection of lost profits, diminished goodwill, business interruption and forensic accounting.

2. This current assignment is within my area of expertise.

1 **A. Private Practice**

2 3. My current position is Partner of Advisory Services with the
3 accounting and advisory firm of MarcumStonefield, a division of Marcum LLP.
4 Prior to joining MarcumStonefield, I served as Vice President with the international
5 litigation consulting firm of Rimkus Analytics, LLC. Before joining Rimkus
6 Analytics, I was employed as Principal and Director of Valuation, Litigation
7 Support and Forensic Services at the accounting and business advisory firm of
8 Stonefield Josephson, Inc. Prior to my employment with Stonefield Josephson, I
9 was Senior Vice President and Director of the Conflict Resolution Services division
10 of FMV Opinions, Inc. Before joining FMV Opinions, Inc., I was a Director with
11 the accounting and litigation services firm of White, Zuckerman, Warsavsky, Luna,
12 and Wolf & Hunt. Prior to joining White, Zuckerman, Warsavsky, Luna, Wolf &
13 Hunt, I was a Senior Manager for Litigation and Claims Resolution Services with
14 Moss Adams, LLP.

15 4. The nature of my work has not changed substantially over this
16 time. Throughout that period my practice has focused on accounting, forensic
17 accounting, corporate consulting, fraud investigation, and business valuation
18 matters for tax, litigation and claims resolution services.

19 **B. Banking and Mortgage Banking Industry Experience**

20 5. I have extensive experience in the area of banking and mortgage
21 banking, including government regulation.

22 6. From 1996 to 1998, I was Director, Investigations for the
23 Western U.S. for the Federal Deposit Insurance Corporation ("FDIC"). In that
24 capacity, I was responsible for civil and criminal claim development relating to
25 failed banks and savings and loans. These claims involved director and officer
26 liability, fidelity bond, accounting malpractice, appraisal malpractice, third party
27 professional malpractice, criminal referrals and restitution claims. Many of the
28

1 cases involved valuation and accounting issues related to mortgages, mortgage
2 backed and derivative assets.

3 7. In addition, I served as Manager, Special Investigations and
4 other related positions for the Resolution Trust Corporation ("RTC") from 1990 to
5 1996. At the RTC I was responsible for many high profile, sensitive investigations
6 and the development of damages claims. I was responsible for developing the
7 damages for the Salomon Bros. class action, the investigation and development of
8 damages for the Milken/Drexel Burnham Lambert MDL action, Charles
9 Keating, Jr., Ghaith Pharaon, BCCI and CenTrust. As National Director for Claims
10 Resolution Policies and Procedures for the RTC from 1993 to 1996, I was
11 responsible for establishing the required information to be provided and the
12 procedures necessary to gain settlement authority for any action reviewed by the
13 Office of Investigations. In addition, I was responsible for reviewing the potential
14 accounting malpractice claims that comprised the final pool of claims asserted
15 against two of the Big 6 accounting firms leading to global settlements. Many of
16 these claims involved misleading financial statements due to valuation issues.

17 8. I also possess experience as a Vice President, mergers and
18 acquisitions for a business advisory services firm where I advised on numerous
19 transactions in many different business sectors.

20 9. I have also been a Vice President, Director and Principal of
21 Direct Investments for a NYSE investment bank where I advised on numerous
22 transactions in many different business sectors.

23 10. I served from 1994 through 1996 as a member of the National
24 Committee for Financial Institutions for the Association of Certified Fraud
25 Examiners, which set advisory standards for investigation of fraud for US financial
26 institutions.

27 11. Recently, I have provided opinions on GAAP, RAP and
28 damages on behalf of a Respondent in an OTS Administrative Law Hearing.

1 12. I have lectured on Securities Claims Development and Asset
2 Tracing for the RTC and am currently a lecturer at California State University
3 Los Angeles regarding these areas and valuation theory.

4 13. I have also published articles and given lectures relevant to
5 valuation, fraud and forensic accounting. A copy of my curricula vitae, expert
6 testimony and publications are attached hereto as Exhibit A.

7 C. **Education & Training**

8 14. I obtained my Bachelor of Arts degree in Chemistry from the
9 University of Pennsylvania, my Masters of Business Administration in Finance
10 from The George Washington University, and my Juris Doctor from The American
11 University, Washington College of Law. I possess additional coursework
12 equivalent to a Masters of Arts in Accounting from The George Washington
13 University.

14 15. I am an Attorney at Law (admitted in Maryland and the United
15 States Supreme Court), a Certified Fraud Examiner, a Certified Forensic
16 Accountant, a Certified Financial Forensic Analyst and an Accredited Valuation
17 Analyst. I have been performing litigation consulting, expert witness and due
18 diligence services for more than twenty years.

19 16. I have no interest, either present or contemplated, in the parties
20 on which the declaration, analysis and testimony may be based. My billing rate is
21 \$450 per hour. My fees are not contingent on any particular outcome in this case.

22
23 II. **DOCUMENTS REVIEWED**

24 17. In connection with the preparation of this declaration, I have
25 analyzed the following: various loan documents associated with Jay J. Ralston's
26 (the "Plaintiff") Option ARM loan obtained through Mortgage Investors Group,
27 Inc. and/or Mortgage Investors Group, a general partnership, and subsequently
28 purchased by Countrywide Home Loans, Inc. (collectively the "Defendants");

1 Defendants' Sapphire Database and related user guides (Bates CHL000827-980);
2 Plaintiff's Third Amended Class Action Complaint dated April 28, 2010; the
3 deposition of Brad Hodgins taken January 13, 2011; the deposition of Jessica
4 Kannya taken March 4, 2011; publicly available financial information, including
5 historical interest rate data for the index identified in the Plaintiff's Promissory
6 Note; and scholarly texts and treatises relating to Generally Accepted Accounting
7 Principles ("GAAP"), mortgages and mortgage securities.

8

9 **III. ASSIGNMENT**

10 18. I have been asked to determine whether a commonly applicable
11 model can be created to calculate the proposed Class Members' alleged damages in
12 this action. For purposes of this report, I assume that Class Members' damages
13 consist of the difference between the current asserted principal balance on each
14 borrower's loan (or the principal balance asserted to exist at the time of refinancing
15 if the loan was refinanced) and the principal balance that would exist, based upon
16 the payments actually made by those borrowers, if the initial "teaser rate" were
17 treated as the actual interest rate of the loan during the period from the loan's start
18 date until the date on which the Note provides that borrowers would begin paying
19 the "Full Payment" as their "Minimum Payment."

20 19. I have also been asked to determine whether any current
21 borrower whose loan was issued on or after January 24, 2004, could have fully paid
22 down their entire originating principal balance on his or her loan if (1) he or she
23 made monthly payments in amounts based on a "teaser" interest rate between 1%
24 and 3% (with 7.5% yearly increases in the payment amount) and (2) those monthly
25 payments were applied to both principal and interest each month with interest being
26 paid before principal.

27

28

1 **IV. PROCEDURES PERFORMED AND CONCLUSIONS**

2 20. I have developed a model that can be applied and used to
3 calculate the principal balance owed at the end of any given month by any borrower
4 with an Option ARM mortgage issued by the Defendants. Differences in
5 origination dates, initial interest rates, index, margin, original principal balances,
6 monthly payment amounts and other variables are easily accounted for using this
7 model. Moreover, because the model has been created in a manner designed to take
8 advantage of electronic data to be provided by the Defendants and or Class
9 Members' loan servicers, it is possible to import that electronically stored data into
10 predetermined fields in the model and thereby automatically calculate the principal
11 balances owed by thousands of borrowers with little or no human intervention.

12 21. For purposes of this analysis, I have assumed that the Plaintiff
13 will seek and obtain for himself and the proposed Class a "benefit of the bargain"
14 measure of recovery, wherein borrowers are not subject to negative amortization,
15 since payments made according to the payment schedule provided by the
16 Defendants when the loan was consummated are applied to principal and interest
17 each month, with interest paid before principal. I have also assumed that the
18 payment amounts for months 1 through 12 of the loan term identified in those
19 payment schedules were calculated by applying the initial interest rate (usually
20 between 1.0% and 3.0%) to the original principal balance and amortizing the loan
21 based on that initial interest rate over a 30 to 40 year loan term, depending on the
22 notes terms.

23 22. I have further assumed that the monthly payment schedules
24 provided to borrowers included annual increases in the monthly payment amounts
25 due, even during the initial (pre-recast) payment period. In the loan documents I
26 have examined, that yearly payment increase is 7.5%. However, the applicability
27 and usefulness of the model is not limited to loans with a 7.5% yearly payment

28

1 increase. The model can easily and automatically account for lower or higher
2 yearly payment increases through a change of just a single data point.

3 23. In addition, for purposes of the tables attached to this report, I
4 have assumed that all Class Member loans are still in their initial payment period,
5 prior to any recast date. However, the model I have created can be easily adapted
6 to account for any recast of the payment amount or interest rate.

7 24. Counsel has informed me that the database I have been provided
8 contains the material terms and information regarding Class Members' loans –
9 including the data points necessary to operate the model I have developed. I have
10 been informed that the Defendants originated thousands of Option ARM home
11 loans. It is my understanding that this database was generated from the system that
12 was designed for loan collateral verification.

13 25. To demonstrate the application of this model, I have prepared
14 two hypothetical loan amortization schedules. The first schedule (Table 1) assumes
15 an original principal balance of \$300,000, an initial interest rate of 1% and assumes
16 that the additional amount paid each month during years 2 through 5 of the loan
17 term due to the 7.5% annual payment increase will be treated as an additional
18 payment of interest only. The second schedule (Table 2) uses the same original
19 principal balance and initial interest rate, but assumes that the additional amount
20 paid each month during years 2 through 5 of the loan term due to the 7.5% annual
21 payment increase will be treated as an additional payment of principal only.

22 26. As is reflected in each of Tables 1 and 2, whatever the treatment
23 of those additional payment amounts during years 2 through 5 of the loan term, the
24 principal balance actually owed by each Class Member in any given month can be
25 readily determined by application of the model I have developed. By importing
26 into the model the material data for Class Members' loans, including the loan start
27 date, original principal balance, interest rate and yearly payment increase, the actual
28

1 principal balance owed by that Class Member under a "benefit of the bargain"
2 theory can be automatically and accurately generated.

3 27. Moreover, because the model I have developed is designed to
4 import electronically maintained data regarding Class Members' loan terms and
5 actual payment history, even if a particular Class Member made payments during
6 some months in amounts that exceeded the amounts specified in the payment
7 schedule supplied to that borrower or failed to make a payment when due, the
8 model I have developed would still accurately calculate the current principal
9 balance owed on the loan. It does this by applying any excess payment as a pre-
10 payment of principal or, alternatively, by treating any late payment as subject to a
11 late payment penalty at a rate of 5% or any rate as identified in the imported
12 electronic data.

13 28. Based on calculations I performed in connection with this
14 assignment, it is readily apparent that no member of the proposed Class whose loan
15 was issued on or after January 24, 2004, would have fully paid down their entire
16 originating principal balance on his or her loan if (1) he or she made monthly
17 payments in amounts based on a "teaser" interest rate between 1% and 3% as
18 reflected in the Truth and Lending Disclosures (with 7.5% yearly increases in the
19 payment amount) and (2) those monthly payments were applied to both principal
20 and interest each month with interest being paid before principal.

21
22 **V. RESERVATION OF THE RIGHT TO SUPPLEMENT**

23 I reserve the right to supplement and/or amend the opinions expressed herein
24 as may be necessary in response to additional statements made and documents
25 provided during document discovery. I am also prepared to update my opinions
26 based on any additional information that becomes available.

27 Accordingly, I may amend what is stated above, where necessary, especially
28 in view of information not presently known to me or new information presented by

1 the parties prior to, or at trial, and to supplement this report should additional
2 information be brought to my attention during the course of this proceeding.

3

4 Dated this 4th day of April, 2011, at Irvine, California.

5

6



7 Leonard H. Lyons

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Exhibit A

PROFILE

ADVISORY SERVICES

Leonard H. Lyons

Leonard H. Lyons has more than 12 years of expert witness experience on behalf of attorneys involved in various litigation matters including breach of contract, stockholder and partner disputes, profit participation disputes, projection of lost profits and diminished goodwill, business interruption, forensic accounting, bankruptcy fraud, white collar crime and intellectual property. He also has significant experience in both arbitration and mediation proceedings.

Previously, Mr. Lyons served as Vice President and Director of Valuation, Litigation Support and Forensic Services for a national litigation consulting firm. He has served as the Federal Deposit Insurance Corporation (FDIC) Director of Investigations for the Western United States and has acted as Manager of Special Investigations for the Resolution Trust Corporation (RTC).

Professional & Civic Affiliations

American Institute of Certified Public Accountants (AICPA)
 California Society of Certified Public Accountants (CalCPA)
 American Bar Association
 Orange County Bar Association, Business Litigation Section
 Association of Business Trial Lawyers
 State Bar of Maryland
 National Association of Certified Valuation Analysts (NACVA)
 Middle Market Investment Banking Association (MMIBA)
 American Board of Forensic Accounting
 American College of Forensic Examiners
 Association of Certified Fraud Examiners (ACFE),
 National Committee for Financial Institutions
 California State University, Los Angeles, Lecturer
 Constitutional Rights Foundation, Past Vice President & Board Member
 Federal Bar Association, Orange County, Past Board Member

Accreditations & Designations

Certified Fraud Examiner
 Certified Forensic Financial Analyst
 Certified Forensic Accountant
 Accredited Valuation Analyst



Leonard H. Lyons
 JD, CFE, CFFA, Cr.FA, AVA
 Principal

PROFILE

AREAS OF EXPERTISE

Breach of Contract
 Stockholder & Partner Disputes
 Profit Participation Disputes
 Business Interruption
 Forensic Accounting
 Bankruptcy Fraud
 White Collar Crime
 Intellectual Property
 Valuation

KEY CLIENTS

Law Firms
 General Counsel
 Bankers
 C-Level Executives

EDUCATION

Juris Doctor
 American University,
 Washington College of Law

Master of Business Administration, Finance
 George Washington University

Bachelor of Arts
 University of Pennsylvania

MARCUM
STONEFIELD
 ACCOUNTANTS & ADVISORS

A Division of Marcum LLP

5 Park Plaza, Suite 700 • Irvine, CA 92614
 Phone 949.428.3171 • leonard.lyons@marcumllp.com • marcumllp.com

M
 MARCUMGROUP
 MEMBER

PROFILE

DETAILED PROFESSIONAL EXPERIENCE OF LEONARD H. LYONS

- **Daewoo Motor America, Inc.**
v. Daewoo Motor Co., Ltd.
 Bankruptcy testimony relating to equity vs. debt determination.
- **People of the State of California vs. Evell Tara Stanley**
 Testimony and sentencing hearing leading to significant deduction in restitution.
- **Energy Systems International, LLC, et al. v. Pacific Millenium Investment Corp., et al.**
 Arbitration involving ownership rights and development of carbon credits.
- **Malmskov v. Tahitian Noni International**
 Multi-level marketing distribution dispute.
- **Legal Repographics, Inc., et al. v. Alexander Gallo Holdings, LLC, et al.**
 Earn-out provisions relating to revenue recognitions under GAAP.
- **City of San Bernadino Municipal Water Dept. v. Cora Constructors, Inc.**
 Investigation relating to contract dispute between city and prime contractor.
- **Cliff Lamb**
 Development of valuation regarding ownership interest of an accounting firm leading to mediation.
- **Swirles**
 Investigation and mediation representation relating to probate and trust matters, including proper trust accounting.
- **Laura Chao vs. HSBC Bank, USA, N.A.**
 Deposition and testimony regarding the potential improper freeze of assets by a federal financial institution.
- **Gardner vs. Babytrend, Inc.**
 Deposition and trial testimony relating to independent contractor vs. employee status.
- **Public Defender's Office**
 Assistance in several cases regarding defense of potential financial improprieties.
- **Smead v. CL Financial Corporation dba Coastal Coachworks, et al.**
 Deposition and testimony regarding potential corporate improprieties, failure to properly account and potential fraud.
- **Coast Media Teleproductions, Inc. v. Meguiars, Inc., et al.**
 Provided deposition testimony that led to successful settlement for the client.
- **Pacific Ethanol, Inc. v. Mercator Group, LLC, et al.**
 Provided arbitration testimony for the defense that led to a substantially reduced settlement amount.
- **General Valuation Experience**
 Valuations related to legal claims, marketability discounts and restricted stock, including the enterprise ownership of a Northern California card club and a pipeline easement.
- **Fortune 50 International Entertainment Company**
 Provided international forensic accounting investigative support and assistance in removing the Manager General for their Latin America operations. Provided "lessons learned," identification of potential misstatements in the financial statements and identification of potential areas for recovery and losses incurred.
- **NewsMax Media, Inc. v. B.G. Burkett**
 Provided business valuation for company in a shareholder litigation suit that led to a settlement for a significantly reduced amount.
- **Pharmaco, Inc. v. Motamed**
 Provided valuation for company related to a shareholder dissolution action that provided a significant beneficial result for the company versus the demands of the shareholder.
- **Gary W. Dokich v. MDS Consulting, et al.**
 Provided mediation testimony and support that provided significant benefit to the client.
- **Hambrecht Wine Group, LP v. Millennium Import LLC**
 Provided deposition testimony relating to the valuation of the Belvedere trademark that led to a significant settlement in the client's favor.
- **The Procter & Gamble Company et al vs. United States of America**
 Engaged on behalf of the USDOJ to prepare FRCP 26 patent valuation reports, rebuttal reports and provide deposition testimony regarding the Federal civil refund claim for improper assessment of taxes relating to the value of charitable donations of intellectual property consisting of five technologies.
- **Sabine Jones v. Jeanne Marie Dana, et al.**
 Trial testimony relating to securities fraud and embezzlement claims leading to a \$2.1 million compensatory award and a \$1 million punitive award.
- **Chinese Yellow Pages v. Chinese Overseas Marketing Services Corp.**
 Development of damage claims, regression analysis, lost profits, and business valuation leading to a \$3.5 million jury award in compensatory damages and \$750,000 in punitive damages.
- **GBM Logistics Services, Inc. v. Y-USA, Inc., et al.**
 Development of damage claims, deposition and trial testimony leading to more than a \$17 million jury award relating to a fraud investigation and breach of contract dispute.

PROFILE

DETAILED PROFESSIONAL EXPERIENCE OF LEONARD H. LYONS

- **John Daurio et al. v. Christopher M. Lappi, et al.**
Development of damage claims and deposition testimony leading to more than a \$11 million jury award relating to theft of corporate property.
- **Dino Smith v. DriveTime Automotive Group, Inc.**
Defense against damage claims and deposition testimony in a wrongful termination case yielding a significant reduction in settlement.
- **J & H Copy Services, Inc. v. Pinnica Corporation**
Defense against damage claims and deposition testimony in a lost profits action yielding a significant reduction in settlement.
- **James Barker v. David Wilson's Automotive Group, et al.**
Defense of damage claims in deposition and arbitration yielding a very favorable ruling for the client.
- **ELC Electric, Inc. v. ARB, Inc., et al.**
Defense against damage claims in deposition leading to a very favorable arbitration ruling for the client relating to a contract dispute.
- **Partnership Evaluation Corp., et al. v. Winnick, et al.**
Development of damage claims and deposition testimony leading to a multimillion dollar settlement relating to failure to receive stock in investment. Trial jury reached a decision and was in the process of awarding \$116 million.
- **Norm Kaufman v. MRI Management Services**
Development of damage claims, deposition and arbitration testimony relating to wrongful termination and partnership dispute leading to more than a \$2.1 million award for wrongful termination. Partnership dispute was subsequently settled.
- **Kahn v. Salta**
Development of lost profits, compensation and business valuation claims, and deposition testimony relating to wrongful termination and ownership dispute yielding a multimillion dollar settlement.
- **Corporate Purchase Dispute**
Development of lost profits, fraud and business valuation claims and deposition testimony relating to a purchase of a California based machine manufacturing corporation leading to a significant reduction in purchase price and the tender of all remaining shares of the corporation not purchased.
- **Shareholder Dispute Litigation**
Defense and cross claims in family owned shareholder dispute. Development and review of several business valuations and compensation claims. Substantial settlement achieved for client.
- **Copyright Infringement Litigation**
Defense of more than a \$100 million claim for copyright infringement of artwork. Settlement reached for less than 1% of the amount of the damages claimed.
- **Lost Profit and Contract Dispute**
Development of claims and defense relating to Internet based company and professional association in dispute over advertising sponsorship and internet business development. Multi-million dollar settlement reached in favor of the client.
- **Business Interruption / Fraud Investigation / Fidelity Bond Claims**
Investigation and development of loss claims for a number of fraud situations and insurance recovery situations. Successfully developed and filed claims leading to millions of dollars in recoveries for clients.
- **Business Valuations**
Development and review of business valuations used in numerous litigations. Review of numerous valuations for professional services failure while at the RTC and FDIC.
- **Accounting Audit Failure**
Development and review of a significant number of audit failure claims leading to several of the global settlements with the "Big Eight" accounting firms while at the RTC.
- **Michael Milken / Drexel Burnham Lambert Task Force**
Management responsibility for investigations, financial analysis, international asset tracing, document production, litigation support and settlements exceeding \$1.4 billion for the Federal Deposit Insurance Corporation and the Resolution Trust Corporation in civil and bankruptcy actions.
- **Charles Keating, Jr.**
Management responsibility for internal and interagency investigations, international asset tracing and litigation support for claims related to Lincoln Savings and Loan Association in Irvine, California.
- **Tom Spiegel**
Management responsibility for internal and interagency investigations, international asset tracing and litigation support for civil claims related to Columbia Savings and Loan Association in Beverly Hills, California.
- **David Paul**
Management responsibility for internal and interagency investigations, international asset tracing and litigation support for civil claims and criminal actions related to CenTrust Savings and Loan Association in Miami, Florida. Provided testimony in depositions related to financial institution RAP, GAAP and SEC accounting in D&O liability civil action.
- **Executive Life Insurance Company**
Management responsibility for RTC investigation and coordination with California Department of Insurance for investigation, asset tracing and litigation support for civil claims.

PROFILE

DETAILED PROFESSIONAL EXPERIENCE OF LEONARD H. LYONS

- **Insurance Exchange of the Americas**
Management of the investigation of potential claims on behalf of the RTC as a result of the activities of the exchanges in New York, Chicago and Miami. Coordinated potential claims with state insurance commissions.
- **Salomon Brothers Class Action**
Managed RTC investigation, litigation support and economic damage analysis for civil action.
- **Merrill Lynch Global Settlement**
Managed RTC investigation, litigation support and economic damage analysis leading to a multimillion-dollar global settlement with Merrill Lynch.
- **Ghaith Pharaon**
Investigation, litigation support, international asset tracing, economic damage analysis and testimony to establish disentitlement claim leading to more than a \$11 million civil judgment.
- **BCCI**
Managed RTC investigation and development of economic damage analysis for filing claims in recovery funds established by the Department of Justice.
- **Guaranteed Security Life, Jacksonville, FL**
Managed RTC investigation, development of claims, asset tracing and coordination of litigation support with the United States Attorney's Office, Florida Department of Insurance and the Senate Permanent Committee on Investigation.
- **Homeowners Savings Bank, Burlington, MA**
Managed RTC investigation, litigation support, and development of accounting malpractice and D&O claims and economic damage analysis.
- **Homefed Savings and Loan, San Diego, CA**
Managed RTC and FDIC civil investigation, development of D&O claims, civil fraud claims, accounting liability claims and coordinated criminal actions.
- **Imperial Savings and Loan Association, CA**
Management of D&O investigation, document production, litigation support and economic damage analysis.
- **Congress of Peru**
Assisted Congressional representatives in the investigation of fraud and corruption charges alleged against the former President of Peru including international asset tracing.
- **Ted Arison**
Managed investigation, litigation support and international asset tracing leading to more than a \$30 million settlement of D&O liability claims.
- **Senate Permanent Committee on Investigations**
Assisted attorneys and staff in conducting investigations of several international financial frauds.
- **House and Senate Banking Committees**
Acted as liaison for document production and investigative support for several matters reviewed by the committees.
- **American Pioneer Savings and Loan, Orlando, FL**
Managed investigation, litigation support and interagency coordination for improper securities offerings conducted through the institution.
- **Ivan Boesky**
Development of civil claims, asset tracing and litigation support for RTC.
- **Craig Hall**
Establishment of interagency task force for resolution of claims involving more than 26 real estate partnerships, associated loans, guarantees and the ownership of a savings and loan.
- **Financial Crimes Enforcement Network (FinCEN)**
Responsible for the placement of the first RTC dedicated employee to be used internally for international asset searching and claim development.
- **18 USC 3322**
Under sealed orders obtained release of federal grand jury information for use in several financial institution civil litigation matters.
- **Charles Hurwitz / Maxxam Group / USAT**
Managed the investigation, litigation support and asset tracing for the development of D&O claims.
- **Federal Election Commission (FEC)**
Developed criminal referrals to the FEC for donation violations by executives and officers of a failed financial institution.
- **HUD**
Assisted federal agency in the development of fraud claims against a national insurer in the 223(f) program.
- **Bankruptcy and Workout Experience**
Negotiated bankruptcies and workouts for more than \$100 million of real estate in limited partnership transaction.

PROFILE

TESTIMONY EXPERIENCE OF LEONARD H. LYONS

YEAR	MATTER	TESTIMONY	TOPIC	ATTORNEY	LAW FIRM	COURT
2011	Lawrence Dodge	Administrative Law Hearing	Damages/ GAAP/ RAP	Tom Vincent	Payne & Fears LLP	OTS-Kansas City
2010	Sutters Place, Inc. dba Bay 101 January 18, 1996 Buy-Sell Agreement	Arbitration	Valuation	Richard Patch	Coblenz, Patch, Duffy & Bass LLP	Arbitration - SJ
2010	Daewoo Motor America, Inc. v. Daewoo Motor Co., Ltd.	Trial	Bankruptcy	Carol Chow	Stutman, Treister & Glatt	Central District of CA
2010	Ethical Solution Providers Inc., et al. vs. Timothy Morenc, et al.	Deposition	Tort	Alan Greenberg	Greenberg Traurig, LLP	Orange County Superior
2010	Market Makers USA, Inc., et al vs. James Spear, et al.	Deposition & Trial	Tort	A.J. Glassman	Law Offices of A.J. Glassman	Orange County Superior
2010	Smead v. CL Financial Corporation dba Coastal Coachworks, et al.	Trial	Tort	Michael Williams	Connor, Fletcher & Williams LLP	Orange County Superior
2009	People of the State of California vs. Evel Tara Stanley	Trial	Criminal/Tax/ Employment	Allan Stokke	Stokke & Riddet	Orange County Superior
2009	Daewoo Motor America, Inc. v. Daewoo Motor Co., Ltd.	Deposition	Bankruptcy	Carol Chow	Stutman, Treister & Glatt	Central District of CA
2009	Legal Reprographics, Inc., et al. v. Alexander Gallo Holdings, LLC, et al.	Arbitration	Contract Dispute/ Revenue Recognition	Frank Tobin	Proscipo, Cory, Hargreaves & Savitch	Arbitration - SD
2009	Gardner vs. Babytrend, Inc.	Trial	Employment Labor	H.G. Robert Fong	Ku & Fong	Los Angeles Superior

PROFILE

TESTIMONY EXPERIENCE OF LEONARD H. LYONS

YEAR	MATTER	TESTIMONY	TOPIC	ATTORNEY	LAW FIRM	COURT
2008	Energy Systems International, LLC, et al. v. Pacific Millennium Investment Corp., et al.	Arbitration	Ownership Dispute	George Rudolph	Luce Forward Hamilton & Scripps	Arbitration - SD
2008	Laura Chao vs. HSBC Bank, USA, N.A.	Deposition	Tort	H.G. Robert Fong	Ku & Fong	Los Angeles Superior
2008	Gardner vs. Babytrend, Inc.	Deposition	Employment Labor	H.G. Robert Fong	Ku & Fong	Los Angeles Superior
2008	GBM Logistics Services, Inc. vs. Y-USA, Inc. dba Yamakawa USA	Trial	UFTA - Contract Dispute	Nick Hornberger	Hornberger & Brewer	Los Angeles Superior
2008	Coast Media Teleproductions, Inc., et al. v. Barry Meguiar, et al.	Deposition	Tort	Doug Johnson	Johnson & Johnson LLP	Orange County Superior
2008	Pacific Ethanol, Inc. v. Mercator Group, LLC, et al.	Arbitration	Tort	Jacques Chen	Law Offices of Jacques Chen	Arbitration - OC
2008	Smead v. CL Financial Corporation dba Coastal Coachworks, et al.	Deposition	Tort	Vicki Nash	North & Nash LLP	Orange County Superior
2007	GBM Logistics Services, Inc. vs. Y-USA, Inc. dba Yamakawa USA	Deposition	UFTA - Contract Dispute	Nick Hornberger	Hornberger & Brewer	Los Angeles Superior
2007	Hambrecht Wine Group, L.P., dba Belvedere Winery, L.P. v. Millennium Import LLC	Trial	Breach of Contract	Erik Belt	Bromberg & Sunstein, LLP	NDCA
2007	Beverly Smith v. Luxuriant, LLC et al.	Deposition	Partnership Dispute	Mike Fitzgerald	Barnes, Crosby, Fitzgerald & Zeman	Orange County Superior
2007	GBM Logistics Services, Inc. vs. Y-USA, Inc. dba Yamakawa USA	Trial	Contract Dispute / Fraud	Nick Hornberger	Hornberger & Brewer	CDCA - Bankruptcy

LISTING OF PUBLICATIONS

- Reflections on High Profile Scandals, ABTL OC Newsletter, 2004
- Statement on Auditing Standards No. 99 Consideration of Fraud in a Financial Statement Audit, ABTL OC Newsletter, 2004
- Various articles for Moss Adams Amicus Brief Newsletter, 2001-2004

Table 1

Loan Amortization

Loan Amount	300,000	Scheduled Payment	964.92	Loan Recast
Annual Interest Rate	1.000%	Scheduled number of payments	360	
Loan Period in years	30	Actual Number of Payments		
# periods per year	12	Total Early Payments		
Start Date	2/1/2004	Total Interest		

Date	Pmt #	Beg Balance	Scheduled	Extra	Total	Principal	Interest	Ending Balance	Interest Rates
			Payments	Payments	Payment				
Feb-04	1	300,000	964.92		965	715	250	299,285	1.000%
Mar-04	2	299,285	964.92		965	716	249	298,570	1.000%
Apr-04	3	298,570	964.92		965	716	249	297,853	1.000%
May-04	4	297,853	964.92		965	717	248	297,137	1.000%
Jun-04	5	297,137	964.92		965	717	248	296,419	1.000%
Jul-04	6	296,419	964.92		965	718	247	295,702	1.000%
Aug-04	7	295,702	964.92		965	719	246	294,983	1.000%
Sep-04	8	294,983	964.92		965	719	246	294,264	1.000%
Oct-04	9	294,264	964.92		965	720	245	293,544	1.000%
Nov-04	10	293,544	964.92		965	720	245	292,824	1.000%
Dec-04	11	292,824	964.92		965	721	244	292,103	1.000%
Jan-05	12	292,103	964.92		965	722	243	291,382	1.000%
Feb-05	13	291,382	1,037.29		1,037	794	243	290,587	1.000%
Mar-05	14	290,587	1,037.29		1,037	795	242	289,792	1.000%
Apr-05	15	289,792	1,037.29		1,037	796	241	288,996	1.000%
May-05	16	288,996	1,037.29		1,037	796	241	288,200	1.000%
Jun-05	17	288,200	1,037.29		1,037	797	240	287,403	1.000%
Jul-05	18	287,403	1,037.29		1,037	798	240	286,605	1.000%
Aug-05	19	286,605	1,037.29		1,037	798	239	285,806	1.000%
Sep-05	20	285,806	1,037.29		1,037	799	238	285,007	1.000%
Oct-05	21	285,007	1,037.29		1,037	800	238	284,207	1.000%
Nov-05	22	284,207	1,037.29		1,037	800	237	283,407	1.000%
Dec-05	23	283,407	1,037.29		1,037	801	236	282,606	1.000%
Jan-06	24	282,606	1,037.29		1,037	802	236	281,804	1.000%
Feb-06	25	281,804	1,115.09		1,115	880	235	280,924	1.000%
Mar-06	26	280,924	1,115.09		1,115	881	234	280,043	1.000%
Apr-06	27	280,043	1,115.09		1,115	882	233	279,161	1.000%
May-06	28	279,161	1,115.09		1,115	882	233	278,279	1.000%
Jun-06	29	278,279	1,115.09		1,115	883	232	277,395	1.000%
Jul-06	30	277,395	1,115.09		1,115	884	231	276,512	1.000%
Aug-06	31	276,512	1,115.09		1,115	885	230	275,627	1.000%
Sep-06	32	275,627	1,115.09		1,115	885	230	274,741	1.000%
Oct-06	33	274,741	1,115.09		1,115	886	229	273,855	1.000%
Nov-06	34	273,855	1,115.09		1,115	887	228	272,968	1.000%
Dec-06	35	272,968	1,115.09		1,115	888	227	272,081	1.000%
Jan-07	36	272,081	1,115.09		1,115	888	227	271,192	1.000%
Feb-07	37	271,192	1,198.72		1,199	973	226	270,220	1.000%
Mar-07	38	270,220	1,198.72		1,199	974	225	269,246	1.000%
Apr-07	39	269,246	1,198.72		1,199	974	224	268,272	1.000%
May-07	40	268,272	1,198.72		1,199	975	224	267,297	1.000%
Jun-07	41	267,297	1,198.72		1,199	976	223	266,321	1.000%
Jul-07	42	266,321	1,198.72		1,199	977	222	265,344	1.000%
Aug-07	43	265,344	1,198.72		1,199	978	221	264,366	1.000%
Sep-07	44	264,366	1,198.72		1,199	978	220	263,388	1.000%
Oct-07	45	263,388	1,198.72		1,199	979	219	262,409	1.000%
Nov-07	46	262,409	1,198.72		1,199	980	218	261,429	1.000%
Dec-07	47	261,429	1,198.72		1,199	981	218	260,448	1.000%
Jan-08	48	260,448	1,198.72		1,198	982	217	259,466	1.000%
Feb-08	49	259,466	1,288.62		1,289	1,072	216	258,394	1.000%
Mar-08	50	258,394	1,288.62		1,289	1,073	215	257,320	1.000%
Apr-08	51	257,320	1,288.62		1,289	1,074	214	256,246	1.000%
May-08	52	256,246	1,288.62		1,289	1,075	214	255,171	1.000%
Jun-08	53	255,171	1,288.62		1,289	1,076	213	254,095	1.000%
Jul-08	54	254,095	1,288.62		1,289	1,077	212	253,018	1.000%
Aug-08	55	253,018	1,288.62		1,289	1,078	211	251,941	1.000%
Sep-08	56	251,941	1,288.62		1,289	1,079	210	250,862	1.000%
Oct-08	57	250,862	1,288.62		1,289	1,080	209	249,782	1.000%
Nov-08	58	249,782	1,288.62		1,289	1,080	208	248,702	1.000%
Dec-08	59	248,702	1,288.62		1,289	1,081	207	247,620	1.000%
Jan-09	60	247,620	1,288.62		1,289	1,082	206	246,538	1.000%
Feb-09	61	246,538	17	929	13	929	724	245,614	1.000%

Table 2

Loan Amortization

Loan Amount	300,000	Scheduled Payment	964.92	Loan Recast
Annual Interest Rate	1.000%	Scheduled Number of Payments	360	
Loan Period in years	30	Actual Number of Payments		
# periods per year	12	Total Early Payments		
Start Date	2/1/2004	Total Interest		

Date	Pmt #	Beg Balance	Scheduled	Extra	Total	Principal	Interest	Ending Balance	Interest Rates
			Payments	Payments	Payment				
Feb-04	1	300,000	964.92		965	715	250	299,285	1.000%
Mar-04	2	299,285	964.92		965	716	249	298,570	1.000%
Apr-04	3	298,570	964.92		965	716	249	297,853	1.000%
May-04	4	297,853	964.92		965	717	248	297,137	1.000%
Jun-04	5	297,137	964.92		965	717	248	296,419	1.000%
Jul-04	6	296,419	964.92		965	718	247	295,702	1.000%
Aug-04	7	295,702	964.92		965	719	246	294,983	1.000%
Sep-04	8	294,983	964.92		965	719	246	294,264	1.000%
Oct-04	9	294,264	964.92		965	720	245	293,544	1.000%
Nov-04	10	293,544	964.92		965	720	245	292,824	1.000%
Dec-04	11	292,824	964.92		965	721	244	292,103	1.000%
Jan-05	12	292,103	964.92		965	722	243	291,382	1.000%
Feb-05	13	291,382	1,037.29	72	1,110	867	243	290,442	1.000%
Mar-05	14	290,442	1,037.29	72	1,110	868	242	289,502	1.000%
Apr-05	15	289,502	1,037.29	72	1,110	868	241	288,562	1.000%
May-05	16	288,562	1,037.29	72	1,110	869	240	287,620	1.000%
Jun-05	17	287,620	1,037.29	72	1,110	870	240	286,678	1.000%
Jul-05	18	286,678	1,037.29	72	1,110	871	239	285,735	1.000%
Aug-05	19	285,735	1,037.29	72	1,110	872	238	284,791	1.000%
Sep-05	20	284,791	1,037.29	72	1,110	872	237	283,846	1.000%
Oct-05	21	283,846	1,037.29	72	1,110	873	237	282,900	1.000%
Nov-05	22	282,900	1,037.29	72	1,110	874	236	281,954	1.000%
Dec-05	23	281,954	1,037.29	72	1,110	875	235	281,007	1.000%
Jan-06	24	281,007	1,037.29	72	1,110	875	234	280,059	1.000%
Feb-06	25	280,059	1,115.09	150	1,265	1,032	233	278,877	1.000%
Mar-06	26	278,877	1,115.09	150	1,265	1,033	232	277,694	1.000%
Apr-06	27	277,694	1,115.09	150	1,265	1,034	231	276,510	1.000%
May-06	28	276,510	1,115.09	150	1,265	1,035	230	275,325	1.000%
Jun-06	29	275,325	1,115.09	150	1,265	1,036	229	274,139	1.000%
Jul-06	30	274,139	1,115.09	150	1,265	1,037	228	272,952	1.000%
Aug-06	31	272,952	1,115.09	150	1,265	1,038	227	271,764	1.000%
Sep-06	32	271,764	1,115.09	150	1,265	1,039	226	270,575	1.000%
Oct-06	33	270,575	1,115.09	150	1,265	1,040	225	269,385	1.000%
Nov-06	34	269,385	1,115.09	150	1,265	1,041	224	268,194	1.000%
Dec-06	35	268,194	1,115.09	150	1,265	1,042	223	267,002	1.000%
Jan-07	36	267,002	1,115.09	150	1,265	1,043	223	265,809	1.000%
Feb-07	37	265,809	1,198.72	234	1,433	1,211	222	264,365	1.000%
Mar-07	38	264,365	1,198.72	234	1,433	1,212	220	262,919	1.000%
Apr-07	39	262,919	1,198.72	234	1,433	1,213	219	261,471	1.000%
May-07	40	261,471	1,198.72	234	1,433	1,215	218	260,023	1.000%
Jun-07	41	260,023	1,198.72	234	1,433	1,216	217	258,573	1.000%
Jul-07	42	258,573	1,198.72	234	1,433	1,217	215	257,122	1.000%
Aug-07	43	257,122	1,198.72	234	1,433	1,218	214	255,670	1.000%
Sep-07	44	255,670	1,198.72	234	1,433	1,219	213	254,217	1.000%
Oct-07	45	254,217	1,198.72	234	1,433	1,221	212	252,763	1.000%
Nov-07	46	252,763	1,198.72	234	1,433	1,222	211	251,307	1.000%
Dec-07	47	251,307	1,198.72	234	1,433	1,223	209	249,850	1.000%
Jan-08	48	249,850	1,198.72	234	1,433	1,224	208	248,392	1.000%
Feb-08	49	248,392	1,288.62	324	1,612	1,405	207	246,663	1.000%
Mar-08	50	246,663	1,288.62	324	1,612	1,407	206	244,932	1.000%
Apr-08	51	244,932	1,288.62	324	1,612	1,408	204	243,201	1.000%
May-08	52	243,201	1,288.62	324	1,612	1,410	203	241,467	1.000%
Jun-08	53	241,467	1,288.62	324	1,612	1,411	201	239,732	1.000%
Jul-08	54	239,732	1,288.62	324	1,612	1,413	200	237,996	1.000%
Aug-08	55	237,996	1,288.62	324	1,612	1,414	198	236,259	1.000%
Sep-08	56	236,259	1,288.62	324	1,612	1,415	197	234,519	1.000%
Oct-08	57	234,519	1,288.62	324	1,612	1,417	195	232,779	1.000%
Nov-08	58	232,779	1,288.62	324	1,612	1,418	194	231,037	1.000%
Dec-08	59	231,037	1,288.62	324	1,612	1,420	193	229,293	1.000%
Jan-09	60	229,293	1,288.62	324	1,612	1,421	191	227,548	1.000%
Feb-09	61	227,548	31	857.67	856	666	190	226,880	1.000%

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE DIVISION

**JAY J. RALSTON,
On Behalf Of Himself And All Others Similarly Situated,
PLAINTIFF,**

**MORTGAGE INVESTORS GROUP, INC.,
MORTGAGE INVESTORS GROUP, a general partnership,
COUNTRYWIDE HOME LOANS, INC.**

**and DOES 3-10,
DEFENDANTS**

CASE NO.: CV 08-00536 JF PVT

ADDENDUM TO EXPERT REPORT OF LEONARD H. LYONS
REGARDING PLAINTIFF'S MOTION FOR CLASS CERTIFICATION

I. QUALIFICATIONS

21 1. I have over 15 years of expert witness experience. I have been
22 engaged as an expert in a variety of litigation matters, including breach of contract,
23 stockholder and partner disputes, profit participation disputes, bankruptcy fraud
24 matters, white-collar crime matters and intellectual property disputes. In those
25 matters, I have been qualified and testified as an expert witness, opining on a variety
26 of topics, including damages, projection of lost profits, diminished goodwill,
27 business interruption and forensic accounting.

28 2. This current assignment is within my area of expertise.

1 **A. Private Practice**

2 3. My current position is Partner of Advisory Services with the
 3 accounting and advisory firm of MarcumStonefield, a division of Marcum LLP.
 4 Prior to joining MarcumStonefield, I served as Vice President with the international
 5 litigation consulting firm of Rimkus Analytics, LLC. Before joining Rimkus
 6 Analytics, I was employed as Principal and Director of Valuation, Litigation
 7 Support and Forensic Services at the accounting and business advisory firm of
 8 Stonefield Josephson, Inc. Prior to my employment with Stonefield Josephson, I
 9 was Senior Vice President and Director of the Conflict Resolution Services division
 10 of FMV Opinions, Inc. Before joining FMV Opinions, Inc., I was a Director with
 11 the accounting and litigation services firm of White, Zuckerman, Warsavsky, Luna,
 12 and Wolf & Hunt. Prior to joining White, Zuckerman, Warsavsky, Luna, Wolf &
 13 Hunt, I was a Senior Manager for Litigation and Claims Resolution Services with
 14 Moss Adams, LLP.

15 4. The nature of my work has not changed substantially over this
 16 time. Throughout that period my practice has focused on accounting, forensic
 17 accounting, corporate consulting, fraud investigation, and business valuation matters
 18 for tax, litigation and claims resolution services.

19 **B. Banking and Mortgage Banking Industry Experience**

20 5. I have extensive experience in the area of banking and mortgage
 21 banking, including government regulation.

22 6. From 1996 to 1998, I was Director, Investigations for the
 23 Western U.S. for the Federal Deposit Insurance Corporation ("FDIC"). In that
 24 capacity, I was responsible for civil and criminal claim development relating to
 25 failed banks and savings and loans. These claims involved director and officer
 26 liability, fidelity bond, accounting malpractice, appraisal malpractice, third party
 27 professional malpractice, criminal referrals and restitution claims. Many of the
 28

1 cases involved valuation and accounting issues related to mortgages, mortgage
2 backed and derivative assets.

3 7. In addition, I served as Manager, Special Investigations and
4 other related positions for the Resolution Trust Corporation ("RTC") from 1990 to
5 1996. At the RTC I was responsible for many high profile, sensitive investigations
6 and the development of damages claims. I was responsible for developing the
7 damages for the Salomon Bros. class action, the investigation and development of
8 damages for the Milken/Drexel Burnham Lambert MDL action, Charles
9 Keating, Jr., Ghaith Pharaon, BCCI and CenTrust. As National Director for Claims
10 Resolution Policies and Procedures for the RTC from 1993 to 1996, I was
11 responsible for establishing the required information to be provided and the
12 procedures necessary to gain settlement authority for any action reviewed by the
13 Office of Investigations. In addition, I was responsible for reviewing the potential
14 accounting malpractice claims that comprised the final pool of claims asserted
15 against two of the Big 6 accounting firms leading to global settlements. Many of
16 these claims involved misleading financial statements due to valuation issues.

17 8. I also possess experience as a Vice President, mergers and
18 acquisitions for a business advisory services firm where I advised on numerous
19 transactions in many different business sectors.

20 9. I have also been a Vice President, Director and Principal of
21 Direct Investments for a NYSE investment bank where I advised on numerous
22 transactions in many different business sectors.

23 10. I served from 1994 through 1996 as a member of the National
24 Committee for Financial Institutions for the Association of Certified Fraud
25 Examiners, which set advisory standards for investigation of fraud for US financial
26 institutions.

27 11. Recently, I have provided opinions on GAAP, RAP and
28 damages on behalf of a Respondent in an OTS Administrative Law Hearing.

1 12. I have lectured on Securities Claims Development and Asset
 2 Tracing for the RTC and am currently a lecturer at California State University
 3 Los Angeles regarding these areas and valuation theory.

4 13. I have also published articles and given lectures relevant to
 5 valuation, fraud and forensic accounting. A copy of my curricula vitae, expert
 6 testimony and publications are attached hereto as Exhibit A.

7 **C. Education & Training**

8 14. I obtained my Bachelor of Arts degree in Chemistry from the
 9 University of Pennsylvania, my Masters of Business Administration in Finance
 10 from The George Washington University, and my Juris Doctor from The American
 11 University, Washington College of Law. I possess additional coursework
 12 equivalent to a Masters of Arts in Accounting from The George Washington
 13 University.

14 15. I am an Attorney at Law (admitted in Maryland and the United
 15 States Supreme Court), a Certified Fraud Examiner, a Certified Forensic
 16 Accountant, a Certified Financial Forensic Analyst and an Accredited Valuation
 17 Analyst. I have been performing litigation consulting, expert witness and due
 18 diligence services for more than twenty years.

19 16. I have no interest, either present or contemplated, in the parties
 20 on which the declaration, analysis and testimony may be based. My billing rate is
 21 \$450 per hour. My fees are not contingent on any particular outcome in this case.

22 **II. DOCUMENTS REVIEWED**

23 17. In connection with the preparation of this declaration, I have
 24 analyzed the following: various loan documents associated with Jay J. Ralston's (the
 25 "Plaintiff") Option ARM loan obtained through Mortgage Investors Group, Inc.
 26 and/or Mortgage Investors Group, a general partnership, and subsequently
 27 purchased by Countrywide Home Loans, Inc. (collectively the "Defendants");

1 Defendants' Sapphire Database and related user guides (Bates CHL000827-980);
 2 Plaintiff's Third Amended Class Action Complaint dated April 28, 2010; the
 3 deposition of Brad Hodgins taken January 13, 2011; the deposition of Jessica
 4 Kannya taken March 4, 2011; publicly available financial information, including
 5 historical interest rate data for the index identified in the Plaintiff's Promissory
 6 Note; and scholarly texts and treatises relating to Generally Accepted Accounting
 7 Principles ("GAAP"), mortgages and mortgage securities.

8

9 **III. EXCEL MODEL SPECIFICATIONS**

10 18. As stated in my initial Expert Report dated April 4, 2011, I have
 11 developed a model that can be applied and used to calculate the principal balance
 12 owed at the end of any given month by any borrower with an Option ARM
 13 mortgage issued by the Defendants. Differences in origination dates, initial interest
 14 rates, index, margin, original principal balances, monthly payment amounts and
 15 other variables are easily accounted for using this model. Moreover, because the
 16 model has been created in a manner designed to take advantage of electronic data to
 17 be provided by the Defendants and or Class Members' loan servicers, it is possible
 18 to import that electronically stored data into predetermined fields in the model and
 19 thereby automatically calculate the principal balances owed by thousands of
 20 borrowers with little or no human intervention. Updated copies of Tables 1 and 2
 21 from my initial Expert Report are attached herein. An arithmetic correction common
 22 to the models for Tables 1 and 2 has been applied.

23 19. This basic model has been developed using Microsoft Excel and
 24 takes into account the constants that will be and/or have been provided by the
 25 Defendants in the case, such as name of the individual, initial loan terms, reset date,
 26 index, number of years, etc.

27 20. The Excel model consists of cells linked through mathematical
 28 equations. The database of borrower information the Defendants provided contains

1 basic loan information. The Excel model takes the basic loan information and
2 applies basic arithmetic calculations to determine the monthly payment, the portion
3 of the payment that is reflective of accrued interest and principal repayment based
4 on the terms of the loan or the changes that have been identified by counsel to be
5 made in order to calculate the damages identified in my initial expert report. The
6 model then checks to see if the Class Members' payment was actually greater or less
7 than the required payment. The model can be easily modified to account for late
8 payment fees or to apply payments made in excess of the required amount to be
9 applied against the outstanding principal. The next arithmetic calculation identifies
10 the principal amount remaining after the application of the payment. These
11 calculations are repeated for the life of the loan.

12 21. As can be viewed in Table 1 attached herein, the Beginning
13 Balance before the first payment reflects the original amount of the loan. In this
14 hypothetical it is \$300,000.

15 22. The Monthly Payment is the amount that would be required to
16 be paid on a monthly basis to fully amortize the original loan balance based on the
17 original loan interest rate and loan term. Excel contains a financial formula that
18 automatically calculates the payment when the defined loan terms of interest, life of
19 the loan and outstanding balance of the loan are provided.

20 23. The Interest column is determined by taking the outstanding
21 loan balance and multiplying it by the current interest rate.

22 24. The Principal column is the mathematical difference between
23 the monthly payment and the amount that was calculated as interest.

24 25. The Ending Balance is the amount of the Outstanding Principal
25 after applying the amount of Principal calculated above remaining after crediting the
26 accrued interest for the month.

27 26. The Ending Balance becomes the Beginning Balance or
28 principal amount for the next month in the calculation.

1 27. The difference between Tables 1 and 2 is that the additional
2 payments made after year 1 are applied toward interest in Table 1 and toward
3 principal reduction in Table 2.

4 28. The arithmetic calculations in the Excel model I have created
5 are materially similar, if not identical, to the loan servicing program the Defendants
6 utilize in their day to day business.

7 29. The Excel model described above can be developed in many
8 different software programs. In fact, there are a number of commercially available
9 software packages that can be used to obtain the same calculations.

10 11 **IV. RESERVATION OF THE RIGHT TO SUPPLEMENT**

12 I reserve the right to supplement and/or amend the opinions expressed herein
13 as may be necessary in response to additional statements made and documents
14 provided during document discovery. I am also prepared to update my opinions
15 based on any additional information that becomes available.

16 Accordingly, I may amend what is stated above, where necessary, especially
17 in view of information not presently known to me or new information presented by
18 the parties prior to, or at trial, and to supplement this report should additional
19 information be brought to my attention during the course of this proceeding.

20 21 Dated this 11th day of April, 2011, at Irvine, California.

22 23 

24 25 26 27 28 Leonard H. Lyons

PROFILE

ADVISORY SERVICES

Leonard H. Lyons

Leonard H. Lyons has more than 12 years of expert witness experience on behalf of attorneys involved in various litigation matters including breach of contract, stockholder and partner disputes, profit participation disputes, projection of lost profits and diminished goodwill, business interruption, forensic accounting, bankruptcy fraud, white collar crime and intellectual property. He also has significant experience in both arbitration and mediation proceedings.

Previously, Mr. Lyons served as Vice President and Director of Valuation, Litigation Support and Forensic Services for a national litigation consulting firm. He has served as the Federal Deposit Insurance Corporation (FDIC) Director of Investigations for the Western United States and has acted as Manager of Special Investigations for the Resolution Trust Corporation (RTC).

Professional & Civic Affiliations

American Institute of Certified Public Accountants (AICPA)
 California Society of Certified Public Accountants (CalCPA)
 American Bar Association
 Orange County Bar Association, Business Litigation Section
 Association of Business Trial Lawyers
 State Bar of Maryland
 National Association of Certified Valuation Analysts (NACVA)
 Middle Market Investment Banking Association (MMIBA)
 American Board of Forensic Accounting
 American College of Forensic Examiners
 Association of Certified Fraud Examiners (ACFE),
 National Committee for Financial Institutions
 California State University, Los Angeles, Lecturer
 Constitutional Rights Foundation, Past Vice President & Board Member
 Federal Bar Association, Orange County, Past Board Member

Accreditations & Designations

Certified Fraud Examiner
 Certified Forensic Financial Analyst
 Certified Forensic Accountant
 Accredited Valuation Analyst



Leonard H. Lyons
JD, CFE, CFFA, Cr.FA, AVA
Principal

PROFILE

AREAS OF EXPERTISE

Breach of Contract
 Stockholder & Partner Disputes
 Profit Participation Disputes
 Business Interruption
 Forensic Accounting
 Bankruptcy Fraud
 White Collar Crime
 Intellectual Property
 Valuation

KEY CLIENTS

Law Firms
 General Counsel
 Bankers
 C-Level Executives

EDUCATION

Juris Doctor
 American University,
 Washington College of Law

Master of Business Administration, Finance
 George Washington University

Bachelor of Arts
 University of Pennsylvania

MARCUM
STONEFIELD
 ACCOUNTANTS ▲ ADVISORS

A Division of Marcum LLP

5 Park Plaza, Suite 700 • Irvine, CA 92614
 Phone 949.428.3171 • leonard.lyons@marcumllp.com • marcumllp.com

M
MARCUMGROUP
 MEMBER

PROFILE

DETAILED PROFESSIONAL EXPERIENCE OF LEONARD H. LYONS

- **Daewoo Motor America, Inc. v. Daewoo Motor Co., Ltd.**
Bankruptcy testimony relating to equity vs. debt determination.
- **People of the State of California vs. Evelle Tara Stanley**
Testimony and sentencing hearing leading to significant deduction in restitution.
- **Energy Systems International, LLC, et al. v. Pacific Millennium Investment Corp., et al.**
Arbitration involving ownership rights and development of carbon credits.
- **Malmskov v. Tahitian Noni International**
Multi-level marketing distribution dispute.
- **Legal Reprographics, Inc., et al. v. Alexander Gallo Holdings, LLC, et al.**
Earn-out provisions relating to revenue recognitions under GAAP.
- **City of San Bernardino Municipal Water Dept. v. Cora Constructors, Inc.**
Investigation relating to contract dispute between city and prime contractor.
- **Cliff Lamb**
Development of valuation regarding ownership interest of an accounting firm leading to mediation.
- **Swirles**
Investigation and mediation representation relating to probate and trust matters, including proper trust accounting.
- **Laura Chao vs. HSBC Bank, USA, N.A.**
Deposition and testimony regarding the potential improper freeze of assets by a federal financial institution.
- **Gardner vs. Babytrend, Inc.**
Deposition and trial testimony relating to independent contractor vs. employee status.
- **Public Defender's Office**
Assistance in several cases regarding defense of potential financial improprieties.
- **Smead v. CL Financial Corporation dba Coastal Coachworks, et al.**
Deposition and testimony regarding potential corporate improprieties, failure to properly account and potential fraud.
- **Coast Media Teleproductions, Inc. v. Meguiars, Inc., et al.**
Provided deposition testimony that led to successful settlement for the client.
- **Pacific Ethanol, Inc. v. Mercator Group, LLC, et al.**
Provided arbitration testimony for the defense that led to a substantially reduced settlement amount.
- **General Valuation Experience**
Valuations related to legal claims, marketability discounts and restricted stock, including the enterprise ownership of a Northern California card club and a pipeline easement.
- **Fortune 50 International Entertainment Company**
Provided international forensic accounting investigative support and assistance in removing the Manager General for their Latin America operations. Provided "lessons learned," identification of potential misstatements in the financial statements and identification of potential areas for recovery and losses incurred.
- **NewsMax Media, Inc. v. B.G. Burkett**
Provided business valuation for company in a shareholder litigation suit that led to a settlement for a significantly reduced amount.
- **Pharmaco, Inc. v. Motamed**
Provided valuation for company related to a shareholder dissolution action that provided a significant beneficial result for the company versus the demands of the shareholder.
- **Gary W. Dokich v. MDS Consulting, et al.**
Provided mediation testimony and support that provided significant benefit to the client.
- **Hambrecht Wine Group, LP v. Millennium Import LLC**
Provided deposition testimony relating to the valuation of the Belvedere trademark that led to a significant settlement in the client's favor.
- **The Procter & Gamble Company et al vs. United States of America**
Engaged on behalf of the USDOJ to prepare FRCP 26 patent valuation reports, rebuttal reports and provide deposition testimony regarding the Federal civil refund claim for improper assessment of taxes relating to the value of charitable donations of intellectual property consisting of five technologies.
- **Sabine Jones v. Jeanne Marie Dana, et al.**
Trial testimony relating to securities fraud and embezzlement claims leading to a \$2.1 million compensatory award and a \$1 million punitive award.
- **Chinese Yellow Pages v. Chinese Overseas Marketing Services Corp.**
Development of damage claims, regression analysis, lost profits, and business valuation leading to a \$3.5 million jury award in compensatory damages and \$750,000 in punitive damages.
- **GBM Logistics Services, Inc. v. Y-USA, Inc., et al.**
Development of damage claims, deposition and trial testimony leading to more than a \$17 million jury award relating to a fraud investigation and breach of contract dispute.

PROFILE

DETAILED PROFESSIONAL EXPERIENCE OF LEONARD H. LYONS

- **John Daurio et al. v. Christopher M. Lappi, et al.**
Development of damage claims and deposition testimony leading to more than a \$11 million jury award relating to theft of corporate property.
- **Dino Smith v. DriveTime Automotive Group, Inc.**
Defense against damage claims and deposition testimony in a wrongful termination case yielding a significant reduction in settlement.
- **J & H Copy Services, Inc. v. Pinnica Corporation**
Defense against damage claims and deposition testimony in a lost profits action yielding a significant reduction in settlement.
- **James Barker v. David Wilson's Automotive Group, et al.**
Defense of damage claims in deposition and arbitration yielding a very favorable ruling for the client.
- **ELC Electric, Inc. v. ARB, Inc., et al.**
Defense against damage claims in deposition leading to a very favorable arbitration ruling for the client relating to a contract dispute.
- **Partnership Evaluation Corp., et al. v. Winnick, et al.**
Development of damage claims and deposition testimony leading to a multimillion dollar settlement relating to failure to receive stock in investment. Trial jury reached a decision and was in the process of awarding \$116 million.
- **Norm Kaufman v. MRI Management Services**
Development of damage claims, deposition and arbitration testimony relating to wrongful termination and partnership dispute leading to more than a \$2.1 million award for wrongful termination. Partnership dispute was subsequently settled.
- **Kahn v. Salta**
Development of lost profits, compensation and business valuation claims, and deposition testimony relating to wrongful termination and ownership dispute yielding a multimillion dollar settlement.
- **Corporate Purchase Dispute**
Development of lost profits, fraud and business valuation claims and deposition testimony relating to a purchase of a California based machine manufacturing corporation leading to a significant reduction in purchase price and the tender of all remaining shares of the corporation not purchased.
- **Shareholder Dispute Litigation**
Defense and cross claims in family owned shareholder dispute. Development and review of several business valuations and compensation claims. Substantial settlement achieved for client.
- **Copyright Infringement Litigation**
Defense of more than a \$100 million claim for copyright infringement of artwork. Settlement reached for less than 1% of the amount of the damages claimed.

■ **Lost Profit and Contract Dispute**

Development of claims and defense relating to Internet based company and professional association in dispute over advertising sponsorship and internet business development. Multi-million dollar settlement reached in favor of the client.

■ **Business Interruption / Fraud Investigation / Fidelity Bond Claims**

Investigation and development of loss claims for a number of fraud situations and insurance recovery situations. Successfully developed and filed claims leading to millions of dollars in recoveries for clients.

■ **Business Valuations**

Development and review of business valuations used in numerous litigations. Review of numerous valuations for professional services failure while at the RTC and FDIC.

■ **Accounting Audit Failure**

Development and review of a significant number of audit failure claims leading to several of the global settlements with the "Big Eight" accounting firms while at the RTC.

■ **Michael Milken / Drexel Burnham Lambert Task Force**

Management responsibility for investigations, financial analysis, international asset tracing, document production, litigation support and settlements exceeding \$1.4 billion for the Federal Deposit Insurance Corporation and the Resolution Trust Corporation in civil and bankruptcy actions.

■ **Charles Keating, Jr.**

Management responsibility for internal and interagency investigations, international asset tracing and litigation support for claims related to Lincoln Savings and Loan Association in Irvine, California.

■ **Tom Spiegel**

Management responsibility for internal and interagency investigations, international asset tracing and litigation support for civil claims related to Columbia Savings and Loan Association in Beverly Hills, California.

■ **David Paul**

Management responsibility for internal and interagency investigations, international asset tracing and litigation support for civil claims and criminal actions related to CenTrust Savings and Loan Association in Miami, Florida. Provided testimony in depositions related to financial institution RAP, GAAP and SEC accounting in D&O liability civil action.

■ **Executive Life Insurance Company**

Management responsibility for RTC investigation and coordination with California Department of Insurance for investigation, asset tracing and litigation support for civil claims.

PROFILE

DETAILED PROFESSIONAL EXPERIENCE OF LEONARD H. LYONS

■ Insurance Exchange of the Americas

Management of the investigation of potential claims on behalf of the RTC as a result of the activities of the exchanges in New York, Chicago and Miami. Coordinated potential claims with state insurance commissions.

■ Salomon Brothers Class Action

Managed RTC investigation, litigation support and economic damage analysis for civil action.

■ Merrill Lynch Global Settlement

Managed RTC investigation, litigation support and economic damage analysis leading to a multimillion-dollar global settlement with Merrill Lynch.

■ Ghaith Pharaon

Investigation, litigation support, international asset tracing, economic damage analysis and testimony to establish disentitlement claim leading to more than a \$11 million civil judgment.

■ BCCI

Managed RTC investigation and development of economic damage analysis for filing claims in recovery funds established by the Department of Justice.

■ Guaranteed Security Life, Jacksonville, FL

Managed RTC investigation, development of claims, asset tracing and coordination of litigation support with the United States Attorney's Office, Florida Department of Insurance and the Senate Permanent Committee on Investigation.

■ Homeowners Savings Bank, Burlington, MA

Managed RTC investigation, litigation support, and development of accounting malpractice and D&O claims and economic damage analysis.

■ Homefed Savings and Loan, San Diego, CA

Managed RTC and FDIC civil investigation, development of D&O claims, civil fraud claims, accounting liability claims and coordinated criminal actions.

■ Imperial Savings and Loan Association, CA

Management of D&O investigation, document production, litigation support and economic damage analysis.

■ Congress of Peru

Assisted Congressional representatives in the investigation of fraud and corruption charges alleged against the former President of Peru including international asset tracing.

■ Ted Arison

Managed investigation, litigation support and international asset tracing leading to more than a \$30 million settlement of D&O liability claims.

■ Senate Permanent Committee on Investigations

Assisted attorneys and staff in conducting investigations of several international financial frauds.

■ House and Senate Banking Committees

Acted as liaison for document production and investigative support for several matters reviewed by the committees.

■ American Pioneer Savings and Loan, Orlando, FL

Managed investigation, litigation support and interagency coordination for improper securities offerings conducted through the institution.

■ Ivan Boesky

Development of civil claims, asset tracing and litigation support for RTC.

■ Craig Hall

Establishment of interagency task force for resolution of claims involving more than 26 real estate partnerships, associated loans, guarantees and the ownership of a savings and loan.

■ Financial Crimes Enforcement Network (FinCEN)

Responsible for the placement of the first RTC dedicated employee to be used internally for international asset searching and claim development.

■ 18 USC 3322

Under sealed orders obtained release of federal grand jury information for use in several financial institution civil litigation matters.

■ Charles Hurwitz / Maxxam Group / USAT

Managed the investigation, litigation support and asset tracing for the development of D&O claims.

■ Federal Election Commission (FEC)

Developed criminal referrals to the FEC for donation violations by executives and officers of a failed financial institution.

■ HUD

Assisted federal agency in the development of fraud claims against a national insurer in the 223(f) program.

■ Bankruptcy and Workout Experience

Negotiated bankruptcies and workouts for more than \$100 million of real estate in limited partnership transaction.

P R O F I L E

TESTIMONY EXPERIENCE OF LEONARD H. LYONS

YEAR	MATTER	TESTIMONY	TOPIC	ATTORNEY	LAW FIRM	COURT
2011	Lawrence Dodge	Administrative Law Hearing	Damages/ GAAP/ RAP	Tom Vincent	Payne & Fears LLP	OTS-Kansas City
2010	Sutters Place, Inc. dba Bay 101: January 18, 1996 Buy-Sell Agreement	Arbitration	Valuation	Richard Patch	Coblenz, Patch, Duffy & Bass LLP	Arbitration - SJ
2010	Daewoo Motor America, Inc. v. Daewoo Motor Co., Ltd.	Trial	Bankruptcy	Carol Chow	Stutman, Treister & Glatt	Central District of CA
2010	Ethical Solution Providers Inc., et al. vs. Timothy Morenc, et al.	Deposition	Tort	Alan Greenberg	Greenberg Traurig, LLP	Orange County Superior
2010	Market Makers USA, Inc., et al. vs. James Spear, et al.	Deposition & Trial	Tort	A.J. Glassman	Law Offices of A.J. Glassman	Orange County Superior
2010	Smead v. CL Financial Corporation dba Coastal Coachworks, et al.	Trial	Tort	Michael Williams	Connor, Fletcher & Williams LLP	Orange County Superior
2009	People of the State of California vs. Evell Tara Stanley	Trial	Criminal/Tax/ Employment	Allan Stokke	Stokke & Riddet	Orange County Superior
2009	Daewoo Motor America, Inc. v. Daewoo Motor Co., Ltd.	Deposition	Bankruptcy	Carol Chow	Stutman, Treister & Glatt	Central District of CA
2009	Legal Reprographics, Inc., et al. v. Alexander Gallo Holdings, LLC, et al.	Arbitration	Contract Dispute/ Revenue Recognition	Frank Tobin	Procopio, Cory, Hargreaves & Savitch	Arbitration - SD
2009	Gardner vs. Babytrend, Inc.	Trial	Employment Labor	H.G. Robert Fong	Ku & Fong	Los Angeles Superior

P R O F I L E

TESTIMONY EXPERIENCE OF LEONARD H. LYONS

YEAR	MATTER	TESTIMONY	TOPIC	ATTORNEY	LAW FIRM	COURT
2008	Energy Systems International, LLC, et al. v. Pacific Millenium Investment Corp., et al.	Arbitration	Ownership Dispute	George Rudolph	Luce Forward Hamilton & Scripps	Arbitration - SD
2008	Laura Chao vs. HSBC Bank, USA, N.A.	Deposition	Tort	H.G. Robert Fong	Ku & Fong	Los Angeles Superior
2008	Gardner vs. Babytrend, Inc.	Deposition	Employment Labor	H.G. Robert Fong	Ku & Fong	Los Angeles Superior
2008	GBM Logistics Services, Inc. vs. Y-USA, Inc. dba Yamakawa USA	Trial	UFTA - Contract Dispute	Nick Hornberger	Hornberger & Brewer	Los Angeles Superior
2008	Coast Media Teleproductions, Inc., et al. v. Barry Meguiar, et al.	Deposition	Tort	Doug Johnson	Johnson & Johnson LLP	Orange County Superior
2008	Pacific Ethanol, Inc. v. Mercator Group, LLC, et al.	Arbitration	Tort	Jacques Chen	Law Offices of Jacques Chen	Arbitration - OC
2008	Smead v. CL Financial Corporation dba Coastal Coachworks, et al.	Deposition	Tort	Vicki Nash	North & Nash LLP	Orange County Superior
2007	GBM Logistics Services, Inc. vs. Y-USA, Inc. dba Yamakawa USA	Deposition	UFTA - Contract Dispute	Nick Hornberger	Hornberger & Brewer	Los Angeles Superior
2007	Hambrecht Wine Group, L.P., dba Belvedere Winery, L.P., v Millennium Import LLC	Trial	Breach of Contract	Erik Belt	Bromberg & Sunstein, LLP	NDCA
2007	Beverly Smith v. Luxuriant, LLC et al.	Deposition	Partnership Dispute	Mike FitzGerald	Barnes, Crosby, FitzGerald & Zeman	Orange County Superior
2007	GBM Logistics Services, Inc. vs. Y-USA, Inc. dba Yamakawa USA	Trial	Contract Dispute / Fraud	Nick Hornberger	Hornberger & Brewer	CDCA - Bankruptcy

LISTING OF PUBLICATIONS

- Reflections on High Profile Scandals, ABTL OC Newsletter, 2004
- Statement on Auditing Standards No. 99 Consideration of Fraud in a Financial Statement Audit, ABTL OC Newsletter, 2004
- Various articles for Moss Adams Amicus Brief Newsletter, 2001-2004

Table 1

Loan Amortization

Loan Amount	300,000	Scheduled Payment	964.92	Loan Recast
Annual Interest Rate	1.000%	Scheduled number of payments	360	
Loan Period in years	30	Actual Number of Payments		
# periods per year	12	Total Early Payments		
Start Date	2/1/2004	Total Interest		

Date	Scheduled		Extra	Total		Principal	Interest	Ending Balance	Interest Rates
	Pmt #	Beg Balance	Payments	Payments	Payment				
Feb-04	1	300,000	964.92		965	715	250	299,285	1.000%
Mar-04	2	299,285	964.92		965	716	249	298,570	1.000%
Apr-04	3	298,570	964.92		965	716	249	297,853	1.000%
May-04	4	297,853	964.92		965	717	248	297,137	1.000%
Jun-04	5	297,137	964.92		965	717	248	296,419	1.000%
Jul-04	6	296,419	964.92		965	718	247	295,702	1.000%
Aug-04	7	295,702	964.92		965	719	246	294,983	1.000%
Sep-04	8	294,983	964.92		965	719	246	294,264	1.000%
Oct-04	9	294,264	964.92		965	720	245	293,544	1.000%
Nov-04	10	293,544	964.92		965	720	245	292,824	1.000%
Dec-04	11	292,824	964.92		965	721	244	292,103	1.000%
Jan-05	12	292,103	964.92		965	722	243	291,382	1.000%
Feb-05	13	291,382	1,037.29	72	1,110	722	243	290,587	1.000%
Mar-05	14	290,587	1,037.29	72	1,110	723	242	289,792	1.000%
Apr-05	15	289,792	1,037.29	72	1,110	723	241	288,996	1.000%
May-05	16	288,996	1,037.29	72	1,110	724	241	288,200	1.000%
Jun-05	17	288,200	1,037.29	72	1,110	725	240	287,403	1.000%
Jul-05	18	287,403	1,037.29	72	1,110	725	240	286,605	1.000%
Aug-05	19	286,605	1,037.29	72	1,110	726	239	285,806	1.000%
Sep-05	20	285,806	1,037.29	72	1,110	727	238	285,007	1.000%
Oct-05	21	285,007	1,037.29	72	1,110	727	238	284,207	1.000%
Nov-05	22	284,207	1,037.29	72	1,110	728	237	283,407	1.000%
Dec-05	23	283,407	1,037.29	72	1,110	729	236	282,606	1.000%
Jan-06	24	282,606	1,037.29	72	1,110	729	236	281,804	1.000%
Feb-06	25	281,804	1,115.09	150	1,265	730	235	280,924	1.000%
Mar-06	26	280,924	1,115.09	150	1,265	731	234	280,043	1.000%
Apr-06	27	280,043	1,115.09	150	1,265	732	233	279,161	1.000%
May-06	28	279,161	1,115.09	150	1,265	732	233	278,279	1.000%
Jun-06	29	278,279	1,115.09	150	1,265	733	232	277,395	1.000%
Jul-06	30	277,395	1,115.09	150	1,265	734	231	276,512	1.000%
Aug-06	31	276,512	1,115.09	150	1,265	734	230	275,627	1.000%
Sep-06	32	275,627	1,115.09	150	1,265	735	230	274,741	1.000%
Oct-06	33	274,741	1,115.09	150	1,265	736	229	273,855	1.000%
Nov-06	34	273,855	1,115.09	150	1,265	737	228	272,968	1.000%
Dec-06	35	272,968	1,115.09	150	1,265	737	227	272,081	1.000%
Jan-07	36	272,081	1,115.09	150	1,265	738	227	271,192	1.000%
Feb-07	37	271,192	1,198.72	234	1,433	739	226	270,220	1.000%
Mar-07	38	270,220	1,198.72	234	1,433	740	225	269,246	1.000%
Apr-07	39	269,246	1,198.72	234	1,433	741	224	268,272	1.000%
May-07	40	268,272	1,198.72	234	1,433	741	224	267,297	1.000%
Jun-07	41	267,297	1,198.72	234	1,433	742	223	266,321	1.000%
Jul-07	42	266,321	1,198.72	234	1,433	743	222	265,344	1.000%
Aug-07	43	265,344	1,198.72	234	1,433	744	221	264,366	1.000%
Sep-07	44	264,366	1,198.72	234	1,433	745	220	263,388	1.000%
Oct-07	45	263,388	1,198.72	234	1,433	745	219	262,409	1.000%
Nov-07	46	262,409	1,198.72	234	1,433	746	219	261,429	1.000%
Dec-07	47	261,429	1,198.72	234	1,433	747	218	260,448	1.000%
Jan-08	48	260,448	1,198.72	234	1,433	748	217	259,466	1.000%
Feb-08	49	259,466	1,288.62	324	1,612	749	216	258,394	1.000%
Mar-08	50	258,394	1,288.62	324	1,612	750	215	257,320	1.000%
Apr-08	51	257,320	1,288.62	324	1,612	750	214	256,246	1.000%
May-08	52	256,246	1,288.62	324	1,612	751	214	255,171	1.000%
Jun-08	53	255,171	1,288.62	324	1,612	752	213	254,095	1.000%
Jul-08	54	254,095	1,288.62	324	1,612	753	212	253,018	1.000%
Aug-08	55	253,018	1,288.62	324	1,612	754	211	251,941	1.000%
Sep-08	56	251,941	1,288.62	324	1,612	755	210	250,862	1.000%
Oct-08	57	250,862	1,288.62	324	1,612	756	209	249,782	1.000%
Nov-08	58	249,782	1,288.62	324	1,612	757	208	248,702	1.000%
Dec-08	59	248,702	1,288.62	324	1,612	758	207	247,620	1.000%
Jan-09	60	247,620	1,288.62	324	1,612	759	206	246,538	1.000%

Table 2

Loan Amortization

Loan Amount	300,000	Scheduled Payment	964.92	Loan Recast
Annual Interest Rate	1.000%	Scheduled Number of Payments	360	
Loan Period in years	30	Actual Number of Payments		
# periods per year	12	Total Early Payments		
Start Date	2/1/2004	Total Interest		

Date	Scheduled		Extra	Total		Principal	Interest	Ending Balance	Interest Rates
	Pmt #	Beg Balance		Payments	Payments				
Feb-04	1	300,000	964.92		965	715	250	299,285	1.000%
Mar-04	2	299,285	964.92		965	716	249	298,570	1.000%
Apr-04	3	298,570	964.92		965	716	249	297,853	1.000%
May-04	4	297,853	964.92		965	717	248	297,137	1.000%
Jun-04	5	297,137	964.92		965	717	248	296,419	1.000%
Jul-04	6	296,419	964.92		965	718	247	295,702	1.000%
Aug-04	7	295,702	964.92		965	719	246	294,983	1.000%
Sep-04	8	294,983	964.92		965	719	246	294,264	1.000%
Oct-04	9	294,264	964.92		965	720	245	293,544	1.000%
Nov-04	10	293,544	964.92		965	720	245	292,824	1.000%
Dec-04	11	292,824	964.92		965	721	244	292,103	1.000%
Jan-05	12	292,103	964.92		965	722	243	291,382	1.000%
Feb-05	13	291,382	1,037.29	72	1,037	794	243	290,515	1.000%
Mar-05	14	290,515	1,037.29	72	1,037	795	242	289,647	1.000%
Apr-05	15	289,647	1,037.29	72	1,037	796	241	288,779	1.000%
May-05	16	288,779	1,037.29	72	1,037	797	241	287,910	1.000%
Jun-05	17	287,910	1,037.29	72	1,037	797	240	287,040	1.000%
Jul-05	18	287,040	1,037.29	72	1,037	798	239	286,170	1.000%
Aug-05	19	286,170	1,037.29	72	1,037	799	238	285,298	1.000%
Sep-05	20	285,298	1,037.29	72	1,037	800	238	284,427	1.000%
Oct-05	21	284,427	1,037.29	72	1,037	800	237	283,554	1.000%
Nov-05	22	283,554	1,037.29	72	1,037	801	236	282,681	1.000%
Dec-05	23	282,681	1,037.29	72	1,037	802	236	281,806	1.000%
Jan-06	24	281,806	1,037.29	72	1,037	802	235	280,932	1.000%
Feb-06	25	280,932	1,115.09	150	1,115	881	234	279,900	1.000%
Mar-06	26	279,900	1,115.09	150	1,115	882	233	278,868	1.000%
Apr-06	27	278,868	1,115.09	150	1,115	883	232	277,836	1.000%
May-06	28	277,836	1,115.09	150	1,115	884	232	276,802	1.000%
Jun-06	29	276,802	1,115.09	150	1,115	884	231	275,767	1.000%
Jul-06	30	275,767	1,115.09	150	1,115	885	230	274,732	1.000%
Aug-06	31	274,732	1,115.09	150	1,115	886	229	273,695	1.000%
Sep-06	32	273,695	1,115.09	150	1,115	887	228	272,658	1.000%
Oct-06	33	272,658	1,115.09	150	1,115	888	227	271,620	1.000%
Nov-06	34	271,620	1,115.09	150	1,115	889	226	270,581	1.000%
Dec-06	35	270,581	1,115.09	150	1,115	890	225	269,542	1.000%
Jan-07	36	269,542	1,115.09	150	1,115	890	225	268,501	1.000%
Feb-07	37	268,501	1,198.72	234	1,199	975	224	267,292	1.000%
Mar-07	38	267,292	1,198.72	234	1,199	976	223	266,082	1.000%
Apr-07	39	266,082	1,198.72	234	1,199	977	222	264,872	1.000%
May-07	40	264,872	1,198.72	234	1,199	978	221	263,660	1.000%
Jun-07	41	263,660	1,198.72	234	1,199	979	220	262,447	1.000%
Jul-07	42	262,447	1,198.72	234	1,199	980	219	261,233	1.000%
Aug-07	43	261,233	1,198.72	234	1,199	981	218	260,018	1.000%
Sep-07	44	260,018	1,198.72	234	1,199	982	217	258,803	1.000%
Oct-07	45	258,803	1,198.72	234	1,199	983	216	257,586	1.000%
Nov-07	46	257,586	1,198.72	234	1,199	984	215	256,368	1.000%
Dec-07	47	256,368	1,198.72	234	1,199	985	214	255,149	1.000%
Jan-08	48	255,149	1,198.72	234	1,199	986	213	253,929	1.000%
Feb-08	49	253,929	1,288.62	324	1,289	1,077	212	252,528	1.000%
Mar-08	50	252,528	1,288.62	324	1,289	1,078	210	251,126	1.000%
Apr-08	51	251,126	1,288.62	324	1,289	1,079	209	249,723	1.000%
May-08	52	249,723	1,288.62	324	1,289	1,081	208	248,319	1.000%
Jun-08	53	248,319	1,288.62	324	1,289	1,082	207	246,914	1.000%
Jul-08	54	246,914	1,288.62	324	1,289	1,083	206	245,507	1.000%
Aug-08	55	245,507	1,288.62	324	1,289	1,084	205	244,100	1.000%
Sep-08	56	244,100	1,288.62	324	1,289	1,085	203	242,691	1.000%
Oct-08	57	242,691	1,288.62	324	1,289	1,086	202	241,281	1.000%
Nov-08	58	241,281	1,288.62	324	1,289	1,088	201	239,869	1.000%
Dec-08	59	239,869	1,288.62	324	1,289	1,089	200	238,457	1.000%
Jan-09	60	238,457	1,288.62	324	1,289	1,090	199	237,043	1.000%